

# Strategies for Just Transition and Economic Diversification:

## Update on KCI's work

Identify country-driven strategies and best practices on just transition of the workforce and creation of decent work and quality jobs and on economic diversification and transformation focusing on challenges and opportunities from the implementation of low greenhouse gas emission policies and strategies towards the achievement of sustainable development

**In-session workshop of the forum – 5 June 2023**



### Workplan activity 2



With the following modalities:

- ☐ Input from experts, practitioners and relevant organizations
- ☐ Concrete examples



Implementation at **SB 54** and **SB 58**

# Implementation

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## Implementation at SB 54

KCI launched call for input to provide concrete examples and best practices on just transition and on economic diversification strategies and policies:

- ❑ KCI agreed on **specific outline** for the input: Description of the strategy/policy; Impacts of such strategy/policy; Identified challenges, opportunities; Description on stakeholder involvement; Lessons learned
- ❑ **21 submissions** were received – providing **41 concrete examples** of projects, policies and programmes

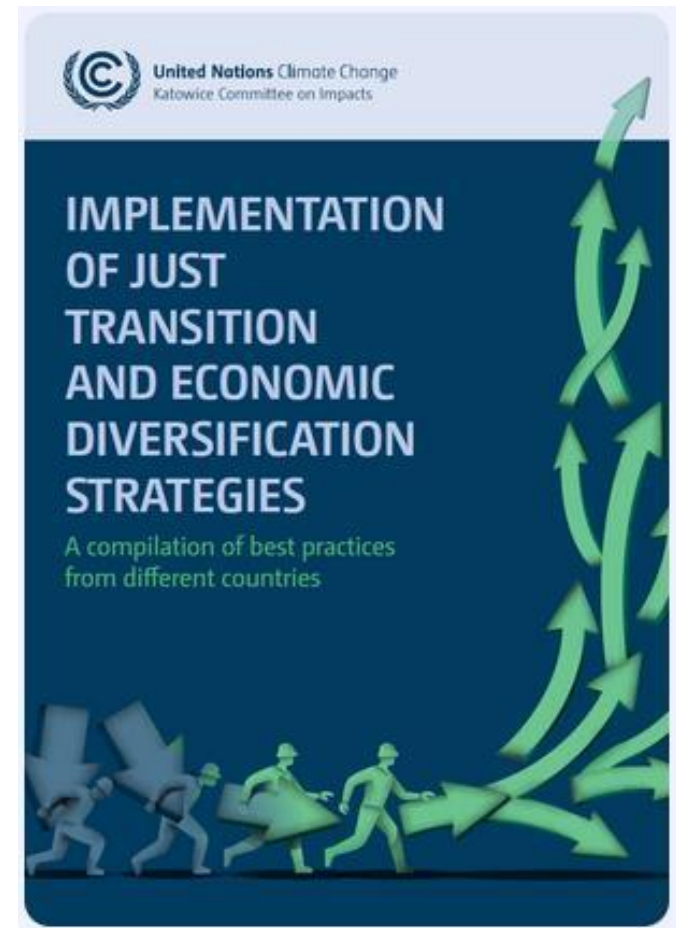


## Implementation

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KCI prepared a compilation of the submissions:

### Implementation of just transition and economic diversification strategies: a compilation of best practices from different countries



# Implementation

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## Examples from **various sectors**

### Just transition (1)

#### Agriculture

- Transformation of sector from industrialized agriculture to small farmer-based agroecology and agroforestry for climate resilient farming
- Reducing GHG emissions due to reduced chemicals input for food production.

#### Energy

- Trade union support to workers when government plans to increase private sector investment to increase RE generation in the Philippines.
- Career development of experts in power sector when government is planning to increase RE generation in Indonesia.
- New employment opportunities for local people by increased installations of solar technologies.

#### Energy efficiency in building

- Transforming construction sector by enabling environment for improving buildings' energy efficiency and resilience.
- PEEB Cool program supporting low-carbon development strategies in 18 participating countries that have hot and Mediterranean climates.



## Just transition (2)

### Forestry

- Social entrepreneurship by involving people in tree nursery, beekeeping and transformed by-products in Cameroon.
- Project demonstrates role of grassroots women, including indigenous and ethnic women as workers and entrepreneurs.

### Manufacturing

- Shift away from fast fashion towards more circular business models in Bangladesh
  - Increased vulnerability of workers
  - Resource efficiency initiatives and trade unions negotiated their social protection.
- HYBRIT, joint green industry transformation initiative, for fossil-fuel free steel production: Reducing emissions by replacing coking coal with hydrogen produced via electrolysis using RE power and water

### Mining

- Managing closure of coal mine, including:
  - ways to support workers, companies and communities affected by transition;
  - elaborated challenges of managing closure of coal mines and
  - shared experience of developing govt strategy for JT of coal mines.
- Responsible sourcing of minerals and its effective recycling, with more RE equipment being produced



## Just transition (3)

### Waste management/waste recycling

- Managing livelihoods of waste pickers, women empowerment, training community leaders, developing neighborhoods committees.
- Training on natural resource management, gender inequalities, local public policies, and citizen's initiatives led beneficiaries to get empowered, exercise their democratic rights, protect their environment and cultural heritage.

### Multiple sectors

- Region's shift from oil and gas-based economy to low emissions economy
  - Appointment of just transition commissioner/unit with role to:
    - manage trade and broker relation in affected regions
    - building relationships with affected communities
- Ecological Transition Contract/Partnership program between State and local communities to help develop local projects to diversify local economy for sustainability and environmentally responsible development.



## Economic diversification (1)

### Agriculture

- Projects to adapt to vulnerability caused by climate change like droughts, floods, landslide, ground water scarcity.
  - Promoting sustainable agriculture practices, adoption of solar home systems and tree planting, adopting aquaponics models.

### Energy

- Variety of programs and projects aim to increase renewable energy capacity.
- Retirement diesel power plants.
- Acceleration of implementation of solar technologies by financing schemes.
- Installation of smart energy meters.

### Management of stranded assets

- Transformation of existing infrastructure in Denmark:
  - Port transformation to a leading hub for offshore wind after political decision to end oil and gas production.
  - Shipyard transformation to green industrial parks for wind and renewable energy after announcing its closure.





# Implementation

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## Economic diversification (2)

### Manufacturing

- Program to build world's greenest battery

### Transport

- Promoting electric vehicles in small island and government engagement with car dealerships from the start.

### Multiple sectors

- Policies to develop local projects that diversify local economy for sustainability and environmentally responsible development while reducing GHG emissions.
- Project to provide just and equitable distribution of economic opportunities to SMEs while dealing with climate change and other implemented a policy to expedite processing of green technology patent applications.



## Implementation

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Wide geographical coverage by the examples:

- **Africa** (Northern and Sub-Saharan)
- **America** (Caribbean, North, South)
- **Asia Pacific** (South, East, South-East, Pacific)
- **Australia** and **New Zealand**
- **Europe**



## Identified **opportunities**

### Just transition:

- Training, development and skill enhancement and incorporation of such initiatives into national climate action plans and electricity road maps to help raise climate ambitions and promoting inclusive, just and long-lasting energy policies.
- Inclusion of just transition in NDC and LT-LEDS.
- Programmes or projects that aim at shifting away from fossil fuels or installing renewable energy generation units enable diverse initiatives to be undertaken in different sectors.
- Just transition plans in the agriculture sector provide farmers, workers, women, communities and those that are usually marginalized with an opportunity for an inclusive and participatory processes to shape their own future.
- Contribution to a green recovery by promoting and supporting local employment.
- Initiatives that promote cooperatives can have an important role in supporting governments in achieving climate or other objectives, such as promoting renewable energy, reducing emissions, local economic growth, strengthening economic resilience.
- Programmes or projects that aim at shifting away from fossil fuels or installing renewable energy generation units provide opportunities for training and/or reskilling for the new technologies.



## Identified **opportunities**

### Economic diversification:

- Implementation of a multi-sector economic development or diversification strategy not only assisted in creating a conducive environment to business but also helped to expand the economy.
- Programmes which supports regional and local initiatives to reduce GHG emissions, have contributed to diversifying and transforming the implementing regions. For example, the installation of charging stations for electric cars, biogas plants, and energy efficiency projects.
- The transformed ports have a substantial service and hospitality sector, in addition to one of the most advanced local supply chains for offshore wind. This has also led to a circular economy.
- Programmes which cover multiple sectors have potential to enable diverse projects that address several environmental or socioeconomic challenges.
- The special economic zones have the potential to jointly and cost-effectively address the constraints in initiating new production lines.
- Climate-friendly strategies in the agroecology sector can provide a financially profitable alternative to both mitigating and adapting to climate change.
- The strategy related to electric mobility creates an opportunity for training on mechanics and maintenance services of electric vehicles, and for a charging station business.



### Identified **challenges**

#### Just transition:

- Patriarchal norms, gender stereotypes and monopolistic male-dominated industry as well as a lack of organizational support hinders women's empowerment in just transition in rural areas.
- Landlessness, insecure access to and control over land, and lack of recognition of communal land tenure present major barriers to social justice.
- Stakeholder engagement, which was observed as one of the major challenges, especially in developing countries, owing to different priorities and lack of interlinkages and coordination among relevant actors.
- Lack of expertise and new competencies, specifically in developing countries, which are crucial to building institutional capacity and arrangements.
- Intermittency characteristics of variable renewable limit penetration of clean renewable energy and require improvement in both technical and human capital capacities as well as management of the workforce.

### Identified **challenges**

#### Economic diversification:

- Despite the achievement of continued growth, poverty remains widespread in developing countries and factors like high population density, a rural ecosystem and low level of land availability creates hinderances for economic diversification.
- Lack of clear priorities or frameworks leads to a lack of strategic planning and implementation. This poses a risk of reimplementation of existing programmes.
- Land acquisition and recognition of marginalized communities remain a challenge in the development of renewable energy such as solar parks.
- There is a lack of understanding and organizational skills for market creation of new community-based economic activities.

### Identified **lessons learned**

#### Just transition (1):

- There is no 'one size fits all' approach to just transition. The strategy for just transition must be tailored to each individual country.
- Just transition should not exacerbate inequalities and must be undertaken in a way that supports affected workers.
- Rushed approaches due to pressure on the policy planning process have a high risk of backfiring and causing more harm than benefits.
- Just transition enabling policies need to be integrated into national climate policies and proposals.
  - This includes supporting domestic regulatory frameworks and plans for effective implementation on the ground.
- Social protection and the creation of decent work are important building blocks of just transition in building societal resilience.

### Identified **lessons learned**

#### Just transition (2):

- Understanding the importance of establishing and maintaining relationships with relevant stakeholders to enable ownership of just transition in a specific national context is key for effective implementation and achievement of just transition
- Trade unions can play a role in advancement towards a zero- or low-carbon society.
  - Involvement of respective associations and trade unions can help deliver just transition in a smooth and effective manner.
- Peer-to-peer learning and exchanges on just transition could be valuable for energy companies, including their trade unions, as they are at different stage of shifting from fossil fuels to renewable sources.
- Gender-responsive energy cooperatives are a way to promote an equal voice for women and men in the development of renewable energy production. With newly acquired skills, women working in productive cooperatives are empowered through more control over the entire value chain.



### Identified **lessons learned**

#### Just transition (3):

- Grass-roots women, including indigenous and ethnic women, play an important role as workers and entrepreneurs, particularly in the rural economy.
- Social entrepreneurship promotes strong cooperation and knowledge sharing between local communities and public authorities, research institutes and foundations, and ensures continuous learning for sustainable forest and biodiversity protection.
- Safeguarding a just transition measure may require political and legislative action. Moreover, efforts to formalize informal work should be included when working within a just transition framework for waste sector.
- When shifting away from fossil fuels towards renewable energy, the transformation of energy systems must also ensure responsible minerals extraction, and must not simply shift exploitation and land grabs to new areas.

### Identified **lessons learned**

#### Economic diversification:

- The involvement of many different stakeholders throughout the development and implementation of policies contributed to the success of the economic diversification and transformation.
- Transformative change in an economy needs close cooperation between private and public actors.
- It is helpful to develop a national plan to better spread knowledge, technologies and innovation, and to avoid market failures as part of the economic diversification strategy.
- Diversified livelihoods and farming activities make rural women less vulnerable to potential disasters and strengthen their food security.
- The participatory approach, which includes identification of community capacities and vulnerability, increases the acceptability and relevance of the developed economic diversification strategies.



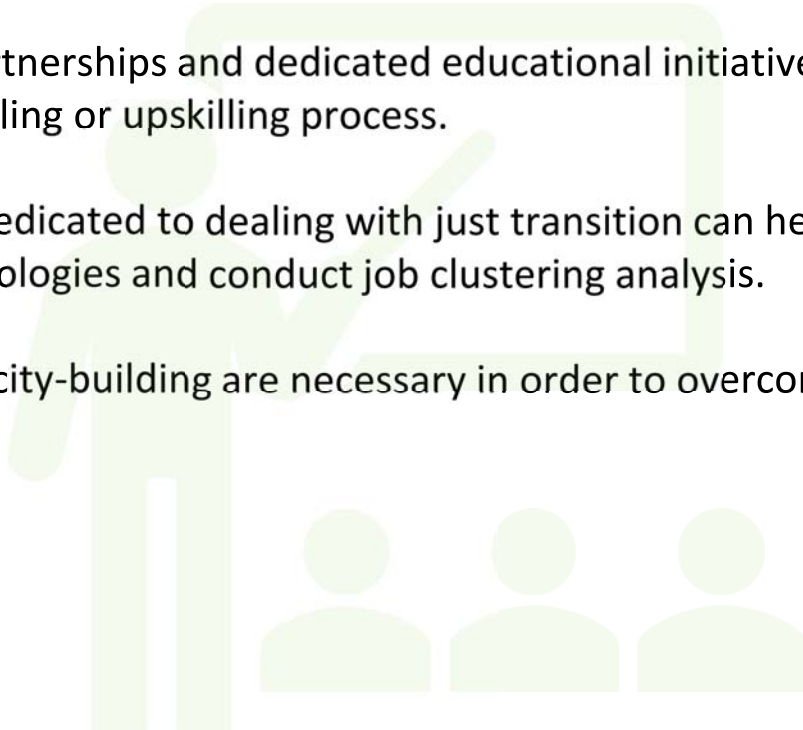
### Training and capacity-building aspects (1):

- Decarbonization across the entire economy will open up a wide range of new employment and livelihood opportunities. Thus, a key component of just transition is to anticipate new skills requirements across affected sectors and put in place the institutions and curricula needed to support the development of existing and emerging skills needs.
- Changes in the economy by diversification of markets and adaptation of new markets can lead to shifts in traditional jobs and markets. Economic diversification and transition to a green economy should be seen as an opportunity to overcome any existing systematic injustice and discrimination while reducing emissions.
  - Thus, for holistic planning and promotion, economic diversification and transformation should include exploring new avenues for decent green jobs in different new evolving markets, such as green infrastructure development, clean energy programmes, the development sector, environment conservation and rejuvenation.
- This in turn requires an innovative thinking and entrepreneurship skill set along with creating awareness and building capacity among the community to help ensure public participation and support.



### Training and capacity-building aspects (2):

- Investments in skills and capacity-building infrastructure/institutions increase the likelihood of success of diversification.
- Public–private partnerships and dedicated educational initiatives can play an important role in the training, reskilling or upskilling process.
- A national team dedicated to dealing with just transition can help to identify the skills required for the new technologies and conduct job clustering analysis.
- Training and capacity-building are necessary in order to overcome identified challenges.



### Conclusion of the publication:

- The examples emphasize the importance of just transition policies that are comprehensive, inclusive, fit for local context, and based on social dialogue and stakeholder engagement with emphasis on institutional coordination, capacity-building to enhance expertise and skills of relevant stakeholders involved in the development and implementation of both just transition of the workforce and economic diversification and transformation measures;
- Different countries may take different just transition and economic diversification paths as they pursue net zero economies, and these pathways should be tailored to the national and/or local context.



## Implementation

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**COP/CMP/CMA** adopted recommendations for this activity at COP 27.

### **COP/CMP/CMA:**

- Encouraged Parties to invest in the early planning of just transition policies that are inclusive and based on stakeholder engagement;
- Also encouraged countries at very low levels of economic development to prioritize getting the fundamentals right prior to undertaking economic diversification, noting that, as countries develop, multiple diversification paths become available;
- Requested the secretariat, while noting that national circumstances differ, to conduct peer-to-peer learning, where possible, to facilitate planning and implementation of effective policies.

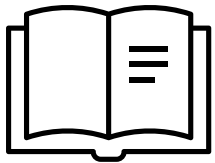


## Next implementation

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### Implementation at SB 58

KCI is finalizing:



- ☐ Paper on **Just Transition** in collaboration with GIZ and IISD
- ☐ Paper on **Economic Diversification**

End of presentation

